



To: Annette Ramirez/ClerkRec/COSLO@Wings, cr_board_clerk Clerk
Recorder/ClerkRec/COSLO@Wings,
Cc:
Bcc:
Subject: Fw: Coastal Vacation Rental Regulation Report
From: Nikki Schmidt/Admin/COSLO - Monday 06/15/2015 02:58 PM

They would like this information included for tomorrow item . It is item #3.

Annette, you can disregard my previous email on this .

Thanks.

Nikki

Nikki J. Schmidt
Administrative Office
County of San Luis Obispo

San Luis Obispo CA 93408

Administrative Office Mission Statement: Advise, interpret, and implement the goals and policies of the Board of Supervisors through effective leadership management of County services to achieve the County's vision of a safe, healthy, livable , prosperous and well-governed community.

----- Forwarded by Nikki Schmidt/Admin/COSLO on 06/15/2015 02:57 PM -----

From: CCManagement Association <ccmacorrespond@gmail.com>
To: nschmidt@co.slo.ca.us
Date: 06/15/2015 02:38 PM
Subject: Fwd: Coastal Vacation Rental Regulation Report

Nikki,

Please confirm receipt. Also, Is it possible to have this document included with the documents on tomorrow's agenda for the Grand Jury Response??

Thank you,

CCMA

----- Forwarded message -----

From: **CCManagement Association** <ccmacorrespond@gmail.com>
Date: Mon, Jun 15, 2015 at 2:22 PM
Subject: Coastal Vacation Rental Regulation Report
To: GrandJury@co.slo.ca.us
Cc: nschmidt@co.slo.ca.us

Dear Grand Jury,

The Central Coast Management Association (CCMA) has read and reviewed the recent report titled:
WORKING OR NOT: CHALLENGES IN

ENFORCING COASTAL VACATION RENTAL REGULATIONS released by the Grand Jury in May 20-15.

The CCMA is a group of professional vacation rental managers with many years of experience in the Vacation Rental Industry.

We respectfully submit the attached response to the findings of the Grand Jury in the hope that they will benefit the overall understanding of the Vacation Rental Industry and the challenges it faces.

Also, attached is a copy of the Morro Bay Ordinance because it is referenced in our comments.

A hard copy has also been mailed to your address.

Please contact us at the above email to confirm receipt. We would be happy to answer any questions you may have.

Cc: Board Of Supervisors



CCMA response to findings.doc



MorroBayVROrdMC5.47.docx

CCMA

Central Coast Management Association

The CCMA respectfully submits a Response to the Grand Jury's findings:
Working or not, Challenges in Enforcing Coastal Vacation Rental Regulations

FINDINGS:

F1. The county has adopted and subsequently updated a vacation rental ordinance in Avila Beach, Cambria and Cayucos intended to maintain community quality of life and ensure consistency in vacation rental policy.

Response : Agreed –The ordinance is well intended, yet in its current state is not effective in meeting the intention.

F2. The number of licensed vacation rentals in these areas of the county is growing.

Response: Partially agreed - While this may be true, the report also indicates that a growing number of licensed homes (currently estimated at 37% of inventory) are “inactive” = are not generating TOT. In order to determine whether or not there is real growth in Vacation Rentals that are “active” – TOT dollars should be tracked in every area where Vacation Rentals are operating.

F3. Many residents are unaware of the provisions of the ordinance dealing with the licensing and management of vacation rentals.

Response: Agreed

F4. The county has placed a low priority on enforcing provisions of the ordinance dealing with the licensing and management of vacation rentals.

Response: Agreed – Due to the very low complaint record (less than 20 since 2011), it appears that the vacation rentals, even unlicensed ones, do not create enough of a disturbance in the neighborhoods to warrant extra spending in this area. However, the Complaint driven approach to enforcement does encourage the proliferation of non-licensed homes.

F5. While the county has a process to respond to parking and noise issues connected with vacation rentals when they are brought to the attention of the Sheriff, California Highway Patrol or Planning Department, residents have no effective way to identify the property manager who is supposed to be the first level of contact for such complaints.

Response: Agreed – It is not practical to expect that the original notice or even an annual notice will be a convenient way to contact the property manager. A nicely designed sign, uniform to all county vacation rentals, could be placed on the property, and a county maintained site to list the management information of the homes would be helpful – perhaps a “county issued” sign that is uniform with the certificate # and Phone # of Manager that would allow the neighbors to know it is licensed. This signage would also help identify the non-licensed rentals.

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F6. The county has no proactive programs to identify unlicensed vacation rentals even though officials believe the number may be significant.

Response: Agreed – Due to the very low complaint records, it appears that the vacation rentals, even unlicensed ones, do not warrant spending funds on proactive programs. The county could create a way for the unlicensed homes to become licensed by eliminating the density standards in the ordinance, as it is done in other cities in the county such as Morro Bay (see attached document). If this were to occur, the low – cost complaint driven approach would be more effective. There would be more funding collected by increased TOT to support an increase in enforcement and in community outreach via a well-maintained website for the residents. Complaint driven enforcement encourages the proliferation of non-licensed homes, which do not pay TOT.

F7. Although the county can identify those homeowners whose transient occupancy tax certificate generates little or no revenue, the county has no policy that limits the renewal of such certificates and associated business licenses.

Response: Agreed –this is a problem, with approximately 37% of homes inactive – the active market is being held back from any possible growth. As retirees take possession of their homes or sell them to owner occupied buyers the license is usually retained with the homes because they are a valuable asset, which means the number of inactive licensed homes will continue to grow over time, further reducing the TOT collected from the licensed homes.

F8. There is no termination process for inactive or unused vacation rental licenses.

Response: Agreed – in the last ordinance review, county legal informed us that the zoning clearance granted at the time of application has made it impossible to revoke. However, if the density standard were eliminated, the motive to maintain unused licenses would be removed.

F9. The county loses revenue when property owners or managers operate unlicensed vacation rentals and do not pay relevant taxes and fees.

Response: Agreed –However, a large part of the problem is that there is currently no system for most unlicensed rentals in the unincorporated area to “get Legal” under the current ordinance. If the county were consider Morro Bay’s Ordinance, the density standard would be eliminated and all homes which are compliant with the rest of the Ordinance would have the ability to “become legal”. The county would then be the recipient of the TOT generated, the BIDs would also benefit. This additional income could fund a program for better enforcement of any complaints generated.

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F10. *The county loses revenue when individuals obtain transient occupancy tax certificates and then do not use them since this effectively blocks others from obtaining such certificates and using them.*

Response: Agreed – in the last ordinance review, we were informed by county legal that the zoning clearance granted at the time of application has made it nearly impossible to revoke. Remove the motive by removing the density standard.

F11. *Increased enforcement of vacation rental license compliance and associated tax and fee revenue collection would generate funds to cover the costs of such activity.*

Response: Disagree - The perceived loss of revenue is in the potential income to be generated from the many unlicensed rentals operating. In the Unincorporated Area (where 85 % of all the vacation rentals are located) there is currently no system for the unlicensed rentals to “get Legal” under the current ordinance because of the density standard. Therefore, even if illegal rentals were “discovered” it is unlikely that this activity would generate income.

F12. *The Planning Department and the Office of the Auditor, Controller, Treasurer and Tax Collector (Tax Collector) do not coordinate with one another on issues of unlicensed vacation rentals or with licensed vacation rentals which pay little or no transient occupancy taxes.*

Response: agreed

RECOMMENDATIONS:

R1. *The Board of Supervisors should provide direction and funding to place higher priority on enforcing coastal vacation rental regulations.*

Response: Disagree – The low volume of complaints does not warrant the expenditure needed to proactively enforce the ordinance. Adopting a “no-density” ordinance, in collaboration with Morro Bay’s will give the county a more unified system for regulation. Morro Bay is a coastal community like Cayucos, Cambria and Avila.

R2. *To better support the complaint process, the county should implement a way for residents to identify the appropriate property manager for a vacation rental. This could be to require an annual notification to neighbors by the property manager or having the county maintain a public online listing of vacation rental contacts.*

Response: Agreed – It is not practical to expect that the original notice or even an annual notice will be a convenient way to contact the property manager- An attractive uniform sign on the property, and or a county maintained site to list the management information of the home would be helpful – perhaps even a “county issued” sign with the certificate # and Phone # of Manager that would allow the neighbors to know it is licensed. See comments in F5.

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R3. The Tax Collector should set a minimum level of revenue to be generated over a set time period (e.g., 2 to 3 years) in order to retain a transient occupancy tax certificate.

Response: agreed – if that proves to be a legal solution

R4. The Tax Collector and the Planning Department should develop and implement a process to deal with the issues of unlicensed vacation rentals and unused or minimally used transient occupancy tax certificates.

Response: agreed

R5. The Planning Department should enforce the requirement to list transient occupancy tax certificate numbers on advertised vacation rental listings.

Response: agreed

R6. The Planning Department should create and post on its website a list of licensed vacation rentals by address so concerned individuals can confirm whether a given property is a licensed vacation rental.

Response: agreed- and also include the property manager and license number

R7. The Planning Department should determine and fund a way to monitor whether advertised vacation rentals are properly licensed, thus ensuring collection of related taxes and fees, which can more than cover these costs.

Response: Disagree – With the low number of complaints that have been recorded and the density restrictions of the current ordinance in the Unincorporated area, this would not be an income generating activity.

As a professional group of Property Managers in the Unincorporated area and Morro Bay, with years of experience to offer, we suggest a series workshops with the Planning Department, Code Enforcement, the Board of Supervisors, and the Business Improvement Districts to solve the issues presented in the Grand Jury Report.

There are many options to explore that could address these issues if we work together. We may be contacted at CCMAcorrespond@gmail.com

Sincerely,

CCMA

CCMAcorrespond@gmail.com

Chapter 5.47 - SHORT-TERM VACATION RENTAL PERMIT

Sections:

5.47.010 - Purpose.

The purpose of the short-term vacation rental permit is to regulate the activity of renting a dwelling unit for a period of thirty consecutive days or less in order to make certain that the city is collecting transient occupancy tax pursuant to MBMC Chapter 3.24 for short-term vacation rentals and to safeguard the peace, safety and general welfare of the residents of Morro Bay and their visitors and guests by eliminating noise and overcrowding.

(Ord. 520 (part), 2006)

5.47.020 - Operative date.

All short-term vacation rentals that exist at the time of the effective date of the ordinance codified in this chapter shall apply for a short-term vacation rental permit within sixty days. All short-term vacation rentals proposed after the effective date of the ordinance codified in this chapter must acquire a short-term vacation rental permit.

(Ord. 520 (part), 2006)

5.47.030 - Definitions.

"Short-term vacation rental" is defined as the rental of any structure or any portion of any structure for occupancy for dwelling, lodging or sleeping purposes for thirty consecutive calendar days or less in duration, including detached single-family residences, condominiums, duplexes, twinplexes, townhomes and multiple-family dwellings. "Short-term vacation rental" is included in the definition of a "hotel" for purposes of collecting transient occupancy tax pursuant to MBMC Chapter 3.24.

(Ord. 520 (part), 2006)

5.47.040 - Exceptions.

Rentals of thirty-one or more consecutive days in duration are not required to obtain a short-term vacation rental permit.

(Ord. 520 (part), 2006)

5.47.050 - Rental permit as business certificate.

A short-term vacation rental permit issued pursuant to this chapter shall also serve as a business certificate for rental activity pursuant to MBMC Chapter 5.04.

(Ord. 520 (part), 2006)

5.47.060 - Obtaining and retaining a short-term vacation rental permit.

The applicant shall obtain an annual short-term vacation rental permit from the city of Morro Bay subject to all provisions of this chapter, including the following:

- A. Applicants shall submit an application for a short-term vacation rental permit to the city of Morro Bay. The annual fee associated with the permit application shall be identical to the amount required for a business certificate. The applicant may be the owner or the owner's agent, and shall be the party responsible for compliance with all provisions of this chapter and all of the laws regulating short-term vacation rentals and transient occupancy tax regulations.

- B. Granting or Denial of Application. The application shall be granted unless the issuing officer determines that the applicant has failed to comply with MBMC Chapter 5.04
- C. The short-term vacation rental permit holder will be subject to penalties as set forth in MBMC Section 5.47.070 in the following instances:
 - 1. In the event that any person holding a permit issued pursuant to this chapter violates or causes or permits to be violated any of the provisions of this chapter or any provisions of any other ordinance or law relating to or regulating such business, or conducts or carries on such business in an unlawful manner, or for any reason for which the permit application could have been denied in accordance with MBMC Chapter 5.04; or
 - 2. Failure of the owner/owner's agent to pay transient occupancy tax pursuant to MBMC Chapter 3.24; or
 - 3. Failure of the owner/owner's agent to respond to two or more complaints as required by this section.
- D. Applicants shall ensure that the occupants and/or guests of the short-term vacation rental unit do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of this code or any state law pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol, or the use of illegal drugs. Applicants are expected to take any measures necessary to abate disturbances described herein, including, but not limited to, directing the tenant, calling for law enforcement services, city code enforcement officers, removing the tenant, or any other action necessary to immediately abate the disturbance. If an applicant is not able to stop documented behavior that has been brought to applicant's attention, then such failure shall constitute a failure to respond as defined by subsection (C)(3) of this section.
- E. Applicants shall ensure that refuse containers are placed at the curb for collection not earlier than eight a.m. on the day proceeding the day of collection and empty containers shall be removed from the curb not later eight p.m. on the day of collection pursuant to MBMC Section 8.16.200
- F. Applicants shall, upon notification that occupants or tenants of his or her short-term vacation rental unit have created unreasonable noise or disturbances, engaged in disorderly conduct or committed violations of this code or state law pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol or the use of illegal drugs, prevent a recurrence of such conduct by those occupants or guests and shall respond to the notification of violation within four hours. Failure to respond to two or more complaints regarding tenant violations is grounds for penalties as set forth in MBMC Section 5.47.070
- G. Applicants for the short-term vacation rental shall comply with all the provisions of MBMC, and state and federal law.
- H. The city council shall have the authority to impose additional standard conditions applicable to all short-term vacation rental units as necessary to achieve the objectives of this chapter and shall notify all short-term vacation rental permit holders of any change in standards applicable to the permits.
- I. A fee in the amount of the business certificate fee shall be paid in conjunction with the permit application. The fee is nonrefundable.

(Ord. 520 (part), 2006)

5.47.070 - Violations and penalties.

- A. Violations. Failure to comply with the conditions specified in this chapter shall constitute a violation for which penalties may be imposed. City penalties for violations shall be issued in writing by the issuing officer upon documented verification of a violation. Documentation shall include, but not be limited to, copies of homeowner association warnings, reprimands, fines or other associated actions;

copies of citations, written warnings, reports or other filed documentation by law enforcement. The issuing officer shall notify the applicant in writing of the penalty to be imposed for violations specified as follows:

1. For the first violation within any twelve-month period, a written warning will be issued;
2. For a second violation within any twelve-month period, the penalty shall be two hundred fifty dollars;
3. For a third violation within any twelve-month period, the penalty shall be five hundred dollars;
4. For a fourth violation within any twelve-month period, the issuing officer shall hold a hearing pursuant to MBMC Section 5.04.210 and the permit shall be revoked for a period of one year.

(Ord. 520 (part), 2006)

5.47.080 - Display of short-term vacation rental permit.

Applicants shall affix the short-term vacation rental permit to the inside of the main entry door of each short-term vacation rental unit to which it applies.

(Ord. 520 (part), 2006)

5.47.090 - Exterior complaint phone number display.

Applicants shall display notice on the exterior, within plain view of the general public and/or common areas, a twenty-four hour, seven-day phone number for a private party responsible for the facility to take complaints regarding its operation. Applicants are required to provide a response within four hours as outlined in MBMC Section 5.47.060. Ineffective or nonresponse shall be grounds for a violation and/or penalty pursuant to MBMC Section 5.47.070.

(Ord. 520 (part), 2006)